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MEMORANDUM OF INFORMATION

Subj: Berlin Situation (C)

1. The Special USIB Sub-committee on the Berlin Situation, Special Report dated 26 June 1961, concludes that:

a. Since our last report, Enrushchev has stated publicly his intention to sign a separate peach treaty with East Germany by the end of the year, and transfer accous controls to the GDR. We do not believe, however, that the USRN has as yet resched an irrevocable decision, since the formal Soriet position is that a separate peace treaty is contingent on a failure to reach agreement with the Western powers. In any event himschew has indicated that he will not take any action on a peace treaty until the Party Congress in October. There is some evidence moreover, deliberately conveyed by bloc sources, that Khrushchev would defer a separate treaty if negotiations were begun before his announced deadline.

b. In an effort to increase pressure on the West to initiate a new round of negotiations, the bloc can be expected to take stivatage of activities in West Berlin such as the all-derman church congress and Chancellor Adenuer's visit in order to agitate the question. In this connection there may be sporadio harassment of civilian access to Berlin and movement within the city.

c. In general, we anticipate a period of sharply increased tensione over Berlin during the coming weeks.

S.B. Granbul

S. B. FRANKEL Deputy Director of Naval Intelligence

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